

Organic Updates

New Organic Legislation in Poland Requires Import Certification

On March 16, 2001, the Polish Parliament approved legislation on organic farming requiring all organic products to obtain a certificate of compliance for production and trade within Poland. According to this legislation, which goes into effect October 1, 2001, imported products, including those which have been certified by EU institutions need to be re-certified in Poland. Once Poland enters the EU, products certified in the EU will no longer require re-certification. The Polish Department of Agriculture estimates that there will be 10,000 organic farms in Poland by 2009, accounting for only 0.5 percent of agricultural land, but 10 times the current number. Part of the reason for this increase is the current government subsidies which allow for up to \$150 per hectare of organic production. In addition, the cost of certification is partially subsidized. Organic farming is the only agricultural sector in Poland that receives direct financial support from the government. To read the full report on the organic farming in Poland, go to <http://www.fas.usda.gov/scripts/attacherep/default.asp> and request report PL1024.

New Zealand Market for Organic Food Driven by Food Safety, Nutrition, and the Environment

The demand for organic food products in New Zealand has risen significantly due to consumers' concern about food safety and nutrition, the environment, and the debate over genetically modified foods. New Zealanders are very interested in the effects of food upon their personal health and the health of their families. Bio-Gro (a New Zealand organic certification agency and the most well-known organic trademark) estimates domestic consumption of organic foods in 2000 at approximately NZ\$40 million (US\$17 million), and growing 30 percent per year.

Organic products in high demand in New Zealand include baby foods, flour, dried fruits, nuts, and tomato based products, and other processed products. U.S. companies have an advantage in this market because they are known as reliable suppliers of high quality, innovative organic products. The disadvantages for US products are that the weak New Zealand dollar makes them more expensive, and the United States is perceived as a large producer of genetically modified foods.

Organic farming has been practiced in New Zealand by a minority of producers for some time, although it has been recognized as a realistic alternative only in the past 15 years. According to Bio-Gro, current exports of organic products from New Zealand are more than NZ\$60 million (US\$25 million). Japan is the largest market for New Zealand organic exports (47 percent) followed by Europe (33 percent), Australia (5 percent), United States (4 percent) and other markets (11 percent). To read the full report on the organic market in New Zealand, go to <http://www.fas.usda.gov/scripts/attacherep/default.asp> and request report NZ1033.

Benelux Organic Food Market: A Challenge Worth Exploring

Below is the summary of a new, detailed report from the FAS office in the Netherlands on the market for organic food in the Benelux countries (Belgium, The Netherlands, and Luxembourg).

To read the full report, go to <http://www.fas.usda.gov/scripts/attacherep/default.asp> and request report NL1050.

1. The organic food market in the Benelux countries is small but growing.
 - C Luxembourg has the highest consumption of organic products per capita across the EU;
 - C Belgium was one of only four countries in the European Union boasting an annual growth rate between 25 and 30 percent in the organic food sector of the market. The other three are Denmark, Sweden and the UK.
2. In addition to these high growth rates, Belgium is a country of high potential interest to US exporters as it imports approximately 50 percent of organic food consumed, and this is set to rise as demand for prepared meals and a more diverse range of products increases.
3. Meanwhile, there are a number of areas in which U.S. exporters need to exercise caution as they could potentially act as a barrier to the development of the market,
 - C key issues relating to certification, packaging, labeling and logistics;
 - C a perceived weak European focus among U.S. suppliers as a whole, along with a perceived lack of understanding of the peculiarities of each individual market (e.g. consumer motivations, distribution routes);
 - C the fact that a large proportion of imported organic produce entering each of the three Benelux countries comes from within the EU.
4. Providing U.S. exporters address the issues above, there are a number of product areas in which U.S. exporters could gain share - i.e. fresh fruit and vegetables, wine, pulses, oils and fats, food ingredients, breakfast cereals and a host of other processed foods.

There appears to be a degree of opportunity in virtually all product sectors for the U.S. exporter provided that the market is approached in the right way. Key success factors in this respect revolve around: product quality, packaging, establishing solid relationships with key importers, marketing mix, and tackling distribution issues.

For more news on organics, see HTP's newsletter "Organic Perspectives," available at the HTP home page: www.fas.usda.gov/http/organics/organics.html.